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LARGE PROFITS STIMULATE
HONG KONG-NORTH CHINA TRADE

FOREIGN SHIPS RUN BLOCKADE FOR PROFIT -- Hsin-sheng Wan-pao, 4 Dec 49

The main reason for the attempts of shipping companies to run the Nationalist blockade from Hong Kong to Shang-hai is, of course, the large profits involved. Before the fall of Shang-hai, the freight charge from Hong Kong to Shang-hai was about 45 Hong Kong dollars per ton. Now US shipping companies are charging 165 dollars per ton, the British companies 120 to 140, and Panamanian and Norwegian companies 100 to 120 dollars per ton.

All ships sail under contracts which permit them to put in at North China ports if they are unable to reach Shang-hai and unload cargoes at these ports. The freight charge from Hong Kong to Ch'ing-tao and T'ien-ching is 70 Hong Kong dollars cheaper than to Shang-hai. Even when cargoes have to be unloaded at either Ch'ing-tao or T'ien-ching, the shipping companies are paid the freight charge to Shang-hai, if the cargoes were originally consigned to Shang-hai. Thus, it can be seen that shipping firms are in a more advantageous position than the foreign trade merchants since their losses would not be as heavy as those of the merchants if their ships do not reach Shang-hai.

It is more economical for merchants to have cargoes unloaded directly at Shang-hai because of the railroad freight charge of 400,000 yuan in People's bank notes (300 Hong Kong dollars) per ton for reshipment from Ch'ing-tao or T'ien-ching to Shang-hai.

The tremendous difference in the price of goods is, of course, another factor which encourages merchants to send goods to Shang-hai. For example, one ton (133 pounds) of crude rubber, costing 115 Hong Kong dollars, brings 900 Hong Kong dollars in Shang-hai, and one barrel of caustic soda, costing 245 Hong Kong dollars, brings 1,500 Hong Kong dollars in Shang-hai.

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